

APPROPRIATIONS SUMMARY

The 2003-04 departmental proposed budget includes appropriations of \$2,606,286,937, an increase of \$36,174,422 or 1.41% over a restated 2002-03 final budget. The restatement of 2002-03 appropriations is the result of previously including the Redevelopment and In-Home Supportive Services budget units in the county summary. These budget units, which are considered other agency funds, are now reported separate from the county budget.

	Restated Final 2002-03	Departmental Proposed 2003-04	Change	Percentage Change
Countywide Operations				
Admin/Exec Group	45,994,239	42,298,675	(3,695,564)	(8.03%)
Contingencies	48,516,783	55,698,444	7,181,661	14.80%
ED/Public Services Group	41,860,977	43,467,751	1,606,774	3.84%
Fiscal Group	35,952,915	38,784,051	2,831,136	7.87%
Human Services System	1,125,855,387	1,110,617,131	(15,238,256)	(1.35%)
Internal Services Group	32,428,987	32,740,960	311,973	0.96%
Law & Justice Group	422,878,079	450,685,255	27,807,176	6.58%
Total General Fund	1,753,487,367	1,774,292,267	20,804,900	1.19%
Capital Projects & Debt Service	142,431,154	113,213,202	(29,217,952)	(20.51%)
Special Revenue Funds	326,280,313	333,193,547	6,913,234	2.12%
Subtotal	2,222,198,834	2,220,699,016	(1,499,818)	(0.07%)
Enterprise Funds				
Arrowhead Regional Medical Ctr	238,391,803	256,488,675	18,096,872	7.59%
Medical Center Lease Payment	53,115,289	53,158,112	42,823	0.08%
County Museum Store	154,789	132,448	(22,341)	(14.43%)
Ultrascreen Theatre	4,000	0	(4,000)	(100.00%)
Regional Parks Snackbars	86,262	71,129	(15,133)	(17.54%)
Solid Waste Management	56,161,538	75,737,557	19,576,019	34.86%
Subtotal	347,913,681	385,587,921	37,674,240	10.83%
Total Countywide Funds	2,570,112,515	2,606,286,937	36,174,422	1.41%

Countywide Operations

Countywide operations show an increase in appropriations of \$20,804,900. The most significant increase is in the Law and Justice Group, however, each group is discussed below.

The Admin/Exec Group shows a net decrease due to reductions in the litigation, the systems development, and the employee health and wellness budget units. These decreases are offset by increases in the school claims budget unit, due to the consolidation of costs previously accounted for in various budget units, and increased unemployment insurance costs.

The appropriation for contingencies includes the amount set aside per county policy (1.5% of locally funded appropriations), which is \$5.2 million. The other component of contingencies consists of unallocated financing available to the Board for distribution.

The Economic Development/Public Service Group shows a net increase mainly attributed to increases in the Registrar of Voters budget unit, as the result of an additional election occurring in 2003-04, and the Building and Safety budget unit due to an anticipated increase in workload and new projects. The most significant decrease anticipated is reflected in the County Museum budget unit due to an expected decrease in research projects.

Within the Fiscal Group, all budget units are expected to experience an increase. The most significant increase is reflected in Central Collections budget unit as a result of anticipated increases in collection activities.

The Human Services System decreased due to staffing reductions and reduced services, supplies and equipment costs. These decreases are offset by increases related to MOU, retirement, and risk management costs, as well as increases in in-home supportive service provider costs, and caseload increases in foster care, aid to adoptive children, seriously emotionally disturbed children, and childcare. Additionally, the Behavioral Health budget unit also anticipates increased costs due to contract services with Arrowhead Regional Medical Center and outside contractors.

The Internal Services group shows a slight increase from the previous budget year. While most of the budget units within this group experienced decreases, the utilities budget increased significantly due to anticipated increases in utility costs.

The Law and Justice group increase is mainly in the Sheriff, District Attorney, and Probation budget units. The increase costs to these budget units are the direct result of increased safety MOU/retirement, specifically the retirement benefit known as 3% at 50.

Capital Projects and Debt Service

Capital Projects and Debt Service appropriations decreased \$29,217,952 primarily due to a \$21.3 million reduction in Capital Improvement Projects appropriations, which is the result of the completion of several projects, including the West Valley Juvenile Detention Center and the major phases of the Etiwanda Interchange Improvement Project. Furthermore, Debt Service decreased \$7.0 million due to the elimination of a one-time prepayment of \$3.2 million of the Glen Helen taxable debt, annual debt service savings resulting from that prepayment, current year savings from the refinancing of the West Valley Detention Center, and other minor changes in debt service schedules and costs.

Capital Improvement Projects appropriations decreased to approximately \$89.9 million in 2003-04. The \$89.9 million is composed of \$83.5 of carry over projects, including \$19.0 million in appropriations budgeted for the High Desert Detention Center and \$6.3 million budgeted for new projects.

Special Revenue Funds

Special Revenue funds increased \$6,913,234 mainly due to increases in the Economic and Community Development budget units of Neighborhood Initiative, Community Development Block Grant, and general administration. In Transportation, appropriation increases are anticipated in the operations and the equipment budget units due to the Highway Bridge and Restoration projects, the installation of passing lanes for the National Trails Highway in the Oro Grande area, and replacement of aging equipment. Decreased appropriations are reflected in the Sheriff COPSMORE budget unit and the Transportation Measure I budget units due to the completion of several large projects. The Jobs and Employment Services Department budget unit also reflects decreases due to a reorganization of the department coupled with a decrease in the Workforce Investment Act funding.

Enterprise Funds

The increase in Arrowhead Regional Medical Center reflects increased salary and benefit costs and a 4% increase in emergency room and outpatient visits. Medical Center Lease Payments increased slightly, reflecting the increases in net lease payments and trustee/administrative fees.

There are no appropriations associated with the UltraScreen Theatre budget as this fund has been closed due to the final sale of the remaining equipment.

Solid Waste Management appropriations have been increased as a result of a variety of new projects scheduled for 2003-04, increases in tonnage at the landfills, and Bark Beetle related costs.

REVENUE SUMMARY

The 2003-04 county budget is financed from a variety of sources, which are listed below. As with the appropriation summary, revenues for 2002-03 were restated to exclude the Redevelopment and In-Home Support Services budget units. In addition, an adjustment to the Solid Waste Management 2002-03 revenue figure eliminated bond proceeds from revenues, as these proceeds are considered other financing not revenues generated from operations.

	Restated Final 2002-03	Departmental Proposed 2003-04	Change	Percentage Change
REVENUES FOR ALL COUNTY FUNDS (Excluding Enterprise Funds)				
Property Taxes	127,697,750	136,148,669	8,450,919	6.62%
Other Taxes	128,926,083	141,336,832	12,410,749	9.63%
State and Federal Aid	1,354,820,627	1,338,716,078	(16,104,549)	(1.19%)
Charges for Current Services	305,385,527	316,872,091	11,486,564	3.76%
Other Revenue	<u>118,915,297</u>	<u>108,448,823</u>	<u>(10,466,474)</u>	<u>(8.80%)</u>
Subtotal	2,035,745,284	2,041,522,493	5,777,209	0.28%
ENTERPRISE FUNDS				
Arrowhead Regional Medical Ctr	246,621,803	263,888,675	17,266,872	7.00%
Medical Center Lease Payment	24,466,969	24,484,009	17,040	0.07%
County Museum Store	159,000	148,400	(10,600)	(6.67%)
UltraScreen Theatre	7,000	0	(7,000)	(100.00%)
Regional Parks Snackbars	103,500	76,600	(26,900)	(25.99%)
Solid Waste Management	<u>52,062,043</u>	<u>48,680,074</u>	<u>(3,381,969)</u>	<u>(6.50%)</u>
Subtotal	323,420,315	337,277,758	13,857,443	4.28%
Total County Budget	2,359,165,599	2,378,800,251	19,634,652	0.83%

Property tax revenue increased based on higher than projected assessed valuation growth in 2002-03 combined with an estimated increase in assessed valuation of 8% in 2003-04.

Other taxes are increased due to an anticipated increase in Prop 172 sales tax. The 2003-04 budget also estimates a 6.2% increase in sales tax from 2002-03 projected actuals for sales tax generated in the unincorporated area of the county. Property Trans Tax and Supplemental Property Taxes are increased to reflect rising home prices and sales volume.

The most significant decrease in revenues is reflected in the revenue category of state and federal aid. This decrease is due to considerable reductions in health and welfare administration offset by increases in aid for children due to changes in program caseloads. Further reductions in this category include the elimination of SB 90 revenues as the state has temporarily discontinued its reimbursement of mandates programs. Decreases are also expected in the law and justice area, which includes reductions associated with the COPS MORE grant and the Challenge Grant II. These decreases were offset by an increase in the U.S. Marshall contract revenues due to the increase in costs associated with the safety MOU/retirement and increases in prescription medication costs.

Funding related to state and federal capital grants has decreased overall due to the completion of various projects, including the West Valley Juvenile Detention facility and the major phases of the Etiwanda Interchange Improvement Project. These decreases were offset by an increase in airport projects, transportation highway projects, and a renovation project of the boat docks at Park Moabi. Additionally, anticipated increases in revenues are expected from Proposition 40, River Parkway Funding, for the Santa Ana River Trail, as well as revenues from the U.S. Army for perimeter fencing at the Barstow-Daggett airport.

Realignment vehicle license fee (VLF) revenues for health, welfare and Behavioral Health are also estimated to increase. Additionally, the non-realignment portion of vehicle license fees is expected to grow 3.7% over current year-end estimates. These estimates assume the entire VLF backfill from the state.

Charges for current services are expected to increase from 2002-03 budget year. The most significant increases in departmental business activity consist of \$4.2 million in law enforcement services, which are a result of safety MOU/retirement increases, \$3.3 million in indirect cost reimbursement (COWCAP) due to increased costs mainly in salaries and benefits, \$1.6 million attributed to an expected increase in the recording fees of legal documents, \$1.4 million in election services due to the addition of one election in 2003-04, and \$1.4 million increase related to property tax administration fee due to growth in supplemental assessments. In addition, minor increases, which total approximately \$4.2 million, occurred in various programs. Significant decreases are expected in health service fees, of which \$4.2 million is due to the loss of the First Five grant revenue in Public Health for the "Early Steps" and "The Earlier, the Better" programs, an anticipated decrease of \$1.9 million in Information Services revenues, and \$1.0 million decrease in the County Museum due to fewer research projects. Additionally, charges for current services reflects a \$6.1 million decrease due to the reclassification of revenue as reimbursement as required by GASB 34 and a \$8.5 million increase due to the reclassification of other revenue to charges for current services.

Other revenues include licenses, permits, franchises, fines and penalties, interest earnings, and tobacco settlement funds. The majority of the decrease reflected in this category of revenue is due to the reclassification of \$5.4 million from other revenue into current services, as well as the reclassification of \$5.5 million from other revenue to reimbursements and other financing sources, as required by GASB 34. Other anticipated decreases include \$2.7 million in tobacco settlement proceeds and \$2.1 million in interest earnings. These decreases were offset by increases in grants received by Transitional Assistance and Children's Services, the addition of a new civil filing fee for the seismic courthouse retrofit, increases in housing sales for the Neighborhood Initiative Program, and expected increases in building construction permits.

Arrowhead Regional Medical Center revenues are expected to grow due to volume increases and anticipated fee increases. This growth is reflected in insurance, private pay, Medi-Cal, and Medicare revenues.

Anticipated slight increase in revenue for the medical center lease payment fund represents state payments from the Construction Renovation/Reimbursement Program (SB 1732).

There are no proposed revenues for the UltraScreen Theatre as the only revenue associated with this fund last year was interest revenue. Since the fund has been closed, the remaining cash was transferred to the general fund.

Solid Waste Management revenues decreased \$3.4 million as a result of \$6.0 million in prior year revenues not being re-budgeted, coupled with an increase of \$1.8 million from additional tonnage accepted at the county landfill and transfer stations and an increase of \$0.8 million from a Federal Emergency Management Agency grant related to the Bark Beetle infestation.

BUDGETED STAFFING SUMMARY**Increase from Previous Year**

	<u>Restated 2002-03 Staffing</u>	<u>Caseload Driven/ Grant or Special Funded Programs</u>	<u>All Other Programs</u>	<u>Total Change</u>	<u>2003-04 Staffing</u>	<u>Percentage Change</u>
General Fund	13,789.1	(1,355.6)	(93.7)	(1,449.3)	12,339.8	-10.5%
Other Funds	<u>4,386.4</u>	<u>(80.5)</u>	<u>0.0</u>	<u>(80.5)</u>	<u>4,305.9</u>	-1.8%
Total	18,175.5	(1,436.1)	(93.7)	(1,529.8)	16,645.7	

The decrease in caseload driven/grant or special funded programs includes the following significant changes:

General Fund

- Human Services System (HSS) Administrative Claim budgeted staffing is decreased by 986.4 to reflect the November 5, 2002 reduction of 233.6 and an additional reduction of 752.8 in 2003-04. Of the 986.4 included in the total reduction, 711.1 are in the Transitional Assistance Department, 58.0 are in the Department of Children's Services, 61.3 are in the Department of Aging and Adult Services, and 156.0 are in HSS Administration.
- Behavioral Health budgeted staffing is decreased by 46.1 as part of the Department's plan to reduce use of Realignment funding.
- Child Support Services budgeted staffing is decreased by 84.7, which is due to reductions in program funding and the elimination of vacant budgeted positions and all extra help positions.
- Public Health budgeted staffing is decreased by 179.5. Base year and mid-year increases totaling 1.9 budgeted staff are offset by program staffing reductions of 181.4, which include decreases in the Maternal Health program (67.4), Perinatal and Adolescent Life program (33.9), Child Health (8.9), Family Planning (3.5), Aging (17.0), the Field Nursing program (17.5), and various other programs (33.2).

Other Funds

- Preschool Services Department budgeted staffing is decreased by 76.6. This net reduction is a result of a 14.7 increase due to site expansion, a 6.2 increase due to support staff workload increases, a 69.7 reduction due to the deletion of vacant positions, a reduction of 41.4 due to work hours reduction for part-day teachers from eight to six hours per day, and the elimination of 13.6 vacancy factor.
- Sheriff's budgeted staffing includes a reduction of 8.0 technical positions for which COPSMORE funding is no longer available.

The decrease in other programs budgeted staffing includes the following:

- Budgeted staffing in the Internal Services Group is decreased by 19.1. Facilities Management staffing is decreased by 16.0; Purchasing by 1.1; and Real Estate Services by 2.0.
- County Museum budgeted staffing is decreased by 25.2 due to implementation of the 4% Spend Down Plan, decreased revenues related to research projects, and the deletion of vacant positions.

Countywide staffing changes are outlined by county department in the following chart:

BUDGETED STAFFING SUMMARY

Department	2002-03 Final Budget	2003-04 Departmental Proposed	Change
ADMINISTRATIVE/EXECUTIVE GROUP			
<u>GENERAL FUND</u>			
BOARD OF SUPERVISORS	39.8	39.5	(0.3)
LEGISLATION	0.0	1.0	1.0
CLERK OF THE BOARD	15.0	13.0	(2.0)
COUNTY ADMINISTRATIVE OFFICE	33.5	27.0	(6.5)
COUNTY COUNSEL	71.0	65.7	(5.3)
HUMAN RESOURCES	129.8	125.5	(4.3)
HUMAN RESOURCES - EMPLOYEE HEALTH & WELLNESS	13.8	13.0	(0.8)
INFORMATION SERVICES - APPLICATIONS DEVELOPMENT	101.3	94.8	(6.5)
INFORMATION SERVICES - EMERGING TECHNOLOGIES	19.1	17.2	(1.9)
INFORMATION SERVICES - GIMS	0.0	0.0	0.0
SUBTOTAL GENERAL FUND	423.3	396.7	(26.6)
<u>OTHER FUNDS</u>			
HUMAN RESOURCES - COMMUTER SERVICES	4.0	3.5	(0.5)
HUMAN RESOURCES - RISK MANAGEMENT	65.0	65.0	0.0
INFORMATION SERVICES - COMPUTER OPERATIONS	154.4	129.9	(24.5)
INFORMATION SERVICES - NETWORK SERVICES	110.1	102.2	(7.9)
SUBTOTAL OTHER FUNDS	333.5	300.6	(32.9)
TOTAL ADMINISTRATIVE/EXECUTIVE GROUP	756.8	697.3	(59.5)
ECONOMIC DEVELOPMENT/PUBLIC SERVICES GROUP			
<u>GENERAL FUND</u>			
AGRICULTURE/WEIGHTS & MEASURES	72.7	64.5	(8.2)
AIRPORTS	28.9	28.9	0.0
COUNTY MUSEUM	77.7	52.5	(25.2)
ECD - ECONOMIC PROMOTION	2.0	2.0	0.0
ECD - SMALL BUSINESS DEVELOPMENT	4.0	4.0	0.0
ED/PUBLIC SERVICES GROUP	20.5	17.0	(3.5)
LAND USE SERVICES - ADMINISTRATION	12.0	11.0	(1.0)
LAND USE SERVICES - CURRENT PLANNING	27.0	27.0	0.0
LAND USE SERVICES - ADVANCE PLANNING	19.0	19.0	0.0
LAND USE SERVICES - BUILDING AND SAFETY	57.2	62.2	5.0
LAND USE SERVICES - CODE ENFORCEMENT	31.0	30.0	(1.0)
LAND USE SERVICES - FIRE HAZARD ABATEMENT	21.0	21.0	0.0
PUBLIC WORKS - REGIONAL PARKS	117.1	117.1	0.0
PUBLIC WORKS - SURVEYOR	39.3	39.4	0.1
REGISTRAR OF VOTERS	38.6	42.9	4.3
SPECIAL DISTRICTS - FRANCHISE ADMINISTRATION	3.0	3.0	0.0
SUBTOTAL GENERAL FUND	571.0	541.5	(29.5)

BUDGETED STAFFING SUMMARY

Department	2002-03 Final Budget	2003-04 Departmental Proposed	Change
ECONOMIC DEVELOPMENT/PUBLIC SERVICES GROUP (continued)			
<u>OTHER FUNDS</u>			
COUNTY LIBRARY	212.0	210.2	(1.8)
COUNTY MUSEUM STORE	2.3	2.1	(0.2)
ECONOMIC AND COMMUNITY DEVELOPMENT	61.0	61.0	0.0
JOBS AND EMPLOYMENT SERVICES	133.0	141.0	8.0
LAND USE SERVICES - HABITAT CONSERVATION	1.0	0.0	(1.0)
PUBLIC WORKS - CALICO GHOST TOWN MARKETING SVCS	1.0	1.0	0.0
PUBLIC WORKS - COUNTY TRAIL SYSTEM	4.0	4.0	0.0
PUBLIC WORKS - REGIONAL PARKS SNACK BARS	1.0	1.3	0.3
PUBLIC WORKS - ROAD OPERATIONS CONSOLIDATED	364.9	357.7	(7.2)
PUBLIC WORKS - SOLID WASTE MANAGEMENT	62.3	74.4	12.1
SUBTOTAL OTHER FUNDS	842.5	852.7	10.2
TOTAL ECON DEVELOP/PUBLIC SERVICES GROUP	1,413.5	1,394.2	(19.3)
FISCAL GROUP			
<u>GENERAL FUND</u>			
ASSESSOR	165.8	159.9	(5.9)
AUDITOR/CONTROLLER-RECORDER	189.9	193.1	3.2
TREASURER-TAX COLLECTOR	66.5	66.5	0.0
TREASURER-TAX COLLECTOR - CENTRAL COLLECTIONS	93.9	94.5	0.6
SUBTOTAL GENERAL FUND	516.1	514.0	(2.1)
<u>OTHER FUNDS</u>			
AUDITOR/CONTROLLER - RECORDS MANAGEMENT	2.0	2.0	0.0
STATE/COUNTY PROPERTY TAX ADMINISTRATION	30.0	29.0	(1.0)
SUBTOTAL OTHER FUNDS	32.0	31.0	(1.0)
TOTAL FISCAL GROUP	548.1	545.0	(3.1)

BUDGETED STAFFING SUMMARY

Department	2002-03 Final Budget	2003-04 Departmental Proposed	Change
HUMAN SERVICES SYSTEM			
<u>GENERAL FUND</u>			
HSS ADMINISTRATIVE CLAIM	4,409.1	3,422.7	(986.4)
AGING AND ADULT SERVICES	111.9	101.1	(10.8)
BEHAVIORAL HEALTH	734.1	688.0	(46.1)
BEHAVIORAL HEALTH - ALCOHOL AND DRUG	100.9	91.5	(9.4)
CHILD SUPPORT SERVICES	649.7	565.0	(84.7)
HEALTH CARE COSTS	4.0	4.0	0.0
PUBLIC HEALTH	1,100.3	920.8	(179.5)
PUBLIC HEALTH - CALIFORNIA CHILDREN'S SERVICES	154.3	145.0	(9.3)
VETERANS AFFAIRS	19.0	17.0	(2.0)
SUBTOTAL GENERAL FUND	7,283.3	5,955.1	(1,328.2)
<u>OTHER FUNDS</u>			
ARROWHEAD REGIONAL MEDICAL CENTER	2,290.3	2,330.5	40.2
PRESCHOOL SERVICES	653.7	577.1	(76.6)
SUBTOTAL OTHER FUNDS	2,944.0	2,907.6	(36.4)
TOTAL HUMAN SERVICES SYSTEM	10,227.3	8,862.7	(1,364.6)
INTERNAL SERVICES GROUP			
<u>GENERAL FUND</u>			
ARCHITECTURE AND ENGINEERING	25.0	25.0	0.0
FACILITIES MANAGEMENT - ADMINISTRATION	4.0	4.0	0.0
FACILITIES MANAGEMENT - CUSTODIAL	63.0	54.9	(8.1)
FACILITIES MANAGEMENT - GROUNDS	28.0	23.7	(4.3)
FACILITIES MANAGEMENT - HOME REPAIR	12.0	12.0	0.0
FACILITIES MANAGEMENT - MAINTENANCE	61.0	57.4	(3.6)
PURCHASING	19.1	18.0	(1.1)
REAL ESTATE SERVICES	28.0	26.0	(2.0)
SUBTOTAL GENERAL FUND	240.1	221.0	(19.1)
<u>OTHER FUNDS</u>			
FLEET MANAGEMENT - GARAGE AND WAREHOUSE	103.3	94.0	(9.3)
FLEET MANAGEMENT - MOTOR POOL	8.1	4.0	(4.1)
PURCHASING - CENTRAL STORES	15.0	15.0	0.0
PURCHASING - MAIL AND COURIER SERVICES	35.0	35.0	0.0
PURCHASING - PRINTING AND MICROFILM SERVICES	18.0	18.0	0.0
SUBTOTAL OTHER FUNDS	179.4	166.0	(13.4)
TOTAL INTERNAL SERVICES GROUP	419.5	387.0	(32.5)

BUDGETED STAFFING SUMMARY

Department	2002-03 Final Budget	2003-04 Departmental Proposed	Change
LAW AND JUSTICE GROUP			
GENERAL FUND			
COUNTY TRIAL COURTS - DRUG COURT PROGRAMS	0.0	0.0	0.0
COUNTY TRIAL COURTS - GRAND JURY	0.0	0.0	0.0
COUNTY TRIAL COURTS - INDIGENT DEFENSE	0.0	0.0	0.0
DISTRICT ATTORNEY - CRIMINAL	382.0	395.8	13.8
DISTRICT ATTORNEY - CHILD ABDUCTION	7.0	7.0	0.0
LAW AND JUSTICE GROUP ADMINISTRATION	1.0	1.0	0.0
PROBATION - ADMINISTRATION/COMM CORRECTIONS	482.0	473.6	(8.4)
PROBATION - DETENTION CORRECTIONS	654.0	638.0	(16.0)
PROBATION - PRE-TRIAL DETENTION	7.0	7.0	0.0
PROBATION - AB1913 GRANT	78.0	75.0	(3.0)
PUBLIC ADMIN/GUARDIAN/CONSERV/CORONER	78.5	75.1	(3.4)
PUBLIC DEFENDER	186.3	180.3	(6.0)
SHERIFF	2,879.5	2,858.7	(20.8)
SUBTOTAL GENERAL FUND	4,755.3	4,711.5	(43.8)
OTHER FUNDS			
DISTRICT ATTORNEY - SPECIAL REVENUE	32.0	33.0	1.0
SHERIFF - SPECIAL REVENUE	23.0	15.0	(8.0)
SUBTOTAL OTHER FUNDS	55.0	48.0	(7.0)
TOTAL LAW AND JUSTICE GROUP	4,810.3	4,759.5	(50.8)
 TOTAL COUNTY DEPARTMENTS - GENERAL FUND	 13,789.1	 12,339.8	 (1,449.3)
TOTAL COUNTY DEPARTMENTS - OTHER FUNDS	4,386.4	4,305.9	(80.5)
GRAND TOTAL COUNTY DEPARTMENTS	18,175.5	16,645.7	(1,529.8)

RESERVES ANALYSIS

The county has a number of reserves and designations that have been established over the years for a variety of purposes. On January 6, 1998, the Board of Supervisors adopted a county policy to provide guidelines and goals for reserve levels. That policy calls for the county's general purpose reserves to equal 10% of locally funded appropriations by 2002-03. It also anticipates establishing special purpose reserves to help meet future needs.

	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>
Total General Purpose Reserve	25.2	27.4	27.4	30.2	31.9	34.8
Specific Purpose Reserves						
Medical Center debt service	11.5	34.3	32.0	32.0	32.1	32.1
Justice facilities reserve	3.6	11.7	5.2	5.0	5.0	4.0
Juvenile maximum security reserve	0.6	1.2	1.5	1.5	1.5	1.5
Future retirement rate increase reserve		1.5	1.5	1.5	7.0	7.0
Equity Pool					1.9	4.7
Teeter				19.3	19.3	19.3
Restitution				8.9	8.5	8.5 *
Insurance					5.0	5.0
Electronic Voting System					5.7	5.7 **
Valley and Pepper Intersection					6.0	6.0 **
Capital Projects Reserve					4.0	4.0
Bark Beetle					0.2	0.2 **
Total Specific Purpose Reserves	15.7	48.7	40.2	68.2	96.2	98.0
Total Reserves	40.9	76.1	67.6	98.4	128.1	132.8

* The majority of this reserve was funded from the settlement with NORCAL. The Solid Waste Management Division plans to come to the Board to recommend the use of the NORCAL settlement monies for costs of the perchlorate issue.

** It is anticipated that projects requiring the use of these funds will be recommended to the Board prior to June 30, 2004.

The County has several reserves. Some are for specific purposes, such as to meet future known obligations or to build a reserve for capital projects. The general reserves are funds held to protect the County from unforeseen increases in expenditures or reductions in revenues, or other extraordinary events, which would harm the fiscal health of the County.

For 2002-03 mid-year Board actions authorized the use of \$122,856 of the equity pool reserve to fund equity increases for employees in the District Attorney, Public Defender and Assessor departments.

On December 17, 2002 the Board authorized the use of contingencies in the amount of \$26.7 million to increase one existing reserve and to establish five new specific purpose reserves.

- \$5.5 million was set aside to help fund the projected \$14 million increase in locally funded retirement costs for 2003-04. Ultimately, these increases were funded by ongoing sources of revenue in the 2003-04 financing plan. The \$5.5 million increase brings the total retirement designation to \$7.0 million which remains available for future anticipated increases in retirement costs.
- \$5.0 million was used to establish an Insurance reserve. The purpose of this reserve is to provide funding for the new five-year insurance recovery plan developed to manage increased costs of workers compensation and property insurance.
- \$5.7 million was used to establish an Electronic Voting System Reserve. The State has mandated that the county change from a punch card to electronic voting system by January of 2004. This reserve sets aside the projected general fund share of this new voting system.
- \$6.0 million was used to establish the Valley and Pepper Intersection reserve. The county has a requirement to improve this intersection, located near the Arrowhead Regional Medical Center (ARMC), as a result of the Environmental Impact Report approved by the Board before construction of the ARMC began.
- \$4.0 million was used to establish the Capital Projects reserve. This reserve was established to address the backlog of deferred maintenance projects as well as other capital project needs.
- \$0.5 million was used to establish the Bark Beetle reserve to help address the bark beetle infestation in the local mountains. On April 8, 2003, the Board approved the use of \$300,000 of this reserve; \$100,000 to provide financial assistance for tree removal to low-income individuals and \$200,000 to conduct a feasibility study and survey for a Special Assessment or Special Tax District in the San Bernardino Mountains.

For 2003-04, general-purpose reserves are increased \$2.9 million. The equity pool, which funds the costs and results of employee classifications studies, is increased by \$3.0 million. Uses of \$160,949 of the Equity Pool reserve are planned to fund the 2003-04 costs of equity increases for employees in the District Attorney, Public Defender and Assessor departments approved by the Board in 2002-03. A planned use of \$1.0 million of the Justice Facilities reserve will be used to offset a portion of the first year cost of the recently approved safety MOU.

LOCAL COST ANALYSIS

County general fund operations are financed with two major types of funding: departmental program revenues; and countywide unallocated revenues, reserves, and fund balance.

Departmental program revenues include fees, service charges, and state and federal support for programs such as welfare, health care, child support and behavioral health. The balance of departmental costs not funded by these departmental revenue sources is considered local cost. Local cost is funded by countywide, non-allocated revenues such as property tax and vehicle license fees as well as other financing such as use of reserves, fund balance and operating transfers.

Gross local cost financing for 2003-04 is \$424,536,785. Shown below are the sources of local cost financing:

**COUNTYWIDE REVENUES AND OTHER FINANCING
WHICH PAY FOR GENERAL FUND LOCAL COST**

	Final Budget 2002-03	Estimated 2002-03	Departmental Proposed 2003-04
Net Non-Departmental Revenue			
Property Taxes:			
Current Secured, Unsecured, Unitary	118,485,250	120,853,301	125,905,507
Supplementals	2,316,700	4,389,240	4,885,025
Penalty on Current Taxes	1,036,200	1,113,332	1,135,599
Prior Property Taxes, Penalties and Interest	<u>3,722,170</u>	<u>4,566,233</u>	<u>5,366,233</u>
Total Property Taxes	125,560,320	130,922,106	137,292,364
Vehicle License Fees	115,154,588	119,176,636	124,974,967
Sales Tax	14,400,000	15,177,152	16,518,694
Other Taxes	12,086,450	13,734,895	14,910,372
Net Interest Earnings	17,100,000	16,400,000	14,600,000
COWCAP Revenue	17,500,000	17,282,235	20,847,838
Property Tax Admin Revenue	7,995,750	9,395,173	9,395,173
Booking Fee Revenue	3,937,000	3,937,000	3,937,000
Other State and Federal Aid	3,199,000	3,329,275	3,329,275
Other Revenue	<u>2,430,000</u>	<u>3,200,000</u>	<u>2,430,000</u>
Subtotal	319,363,108	332,554,472	348,235,683
Other Financing			
Fund balance, beginning	57,668,914	57,668,914	40,400,000
Use of Reserves	900,000	870,470	1,160,949
Operating Transfers	<u>27,888,005</u>	<u>27,888,005</u>	<u>34,740,153</u>
Subtotal	86,456,919	86,427,389	76,301,102
TOTAL	405,820,027	418,981,861	424,536,785

The most significant sources of county local cost financing are property tax and vehicle license fees. These two sources account for \$262,267,331 or 75.3% of discretionary revenues. Year-end fund balance available for financing is estimated to be \$40.4 million. Operating transfers includes transfers into the county general fund from the Courthouse and Criminal Justice Construction funds, Solid Waste Management, savings from refinancing and capital improvement projects, and the use of \$17.7 million of the tobacco settlement funds, of which \$15.0 million is to be applied towards Medical Center Debt Service.

Countywide revenues are allocated to various county departments as local cost as outlined in the following chart:

Department Title	Final Budget 2002-03:			Departmental Proposed Budget 2003-04:			Change Between Final and Proposed:		
	Appropriation	Revenue	Local Cost	Appropriation	Revenue	Local Cost	Appropriation	Revenue	Local Cost
BOARD OF SUPERVISORS (ALL DISTRICTS)	4,237,112	0	4,237,112	3,812,528	0	3,812,528	(424,584)	0	(424,584)
LEGISLATIVE COSTS	0	0	0	474,914	0	474,914	474,914	0	474,914
CLERK OF THE BOARD	931,793	95,675	836,118	831,849	62,500	769,349	(99,944)	(33,175)	(66,769)
COUNTY ADMINISTRATIVE OFFICE	4,452,965	275,987	4,176,978	3,498,747	0	3,498,747	(954,218)	(275,987)	(678,231)
COUNTY ADMINISTRATIVE OFFICE - LITIGATION	1,709,664	900,000	809,664	400,000	0	400,000	(1,309,664)	(900,000)	(409,664)
COUNTY ADMINISTRATIVE OFFICE - JOINT POWERS LEASES	23,068,480	0	23,068,480	20,467,787	0	20,467,787	(2,600,693)	0	(2,600,693)
COUNTY COUNSEL	6,959,841	3,696,950	3,262,891	7,102,029	3,777,460	3,324,569	142,188	80,510	61,678
HUMAN RESOURCES	9,457,530	4,283,077	5,174,453	8,460,832	3,103,566	5,357,266	(996,698)	(1,179,511)	182,813
HUMAN RESOURCES-EMPLOYEE HEALTH AND WELLNESS	1,600,000	1,600,000	0	30,000	30,000	0	(1,570,000)	(1,570,000)	0
HUMAN RESOURCES-UNEMPLOYMENT INSURANCE	1,500,000	0	1,500,000	2,700,000	0	2,700,000	1,200,000	0	1,200,000
INFORMATION SERVICES-EMERGING TECHNOLOGY	1,792,210	273,940	1,518,270	1,755,861	274,900	1,480,961	(36,349)	960	(37,309)
INFORMATION SERVICES-SYSTEMS DEVELOPMENT	11,722,743	6,431,886	5,290,857	10,208,475	4,480,501	5,727,974	(1,514,268)	(1,951,385)	437,117
LOCAL AGENCY FORMATION COMMISSION	161,353	0	161,353	173,400	0	173,400	12,047	0	12,047
SCHOOL CLAIMS	1,186,804	0	1,186,804	2,850,040	0	2,850,040	1,663,236	0	1,663,236
SUPERINTENDENT OF SCHOOLS	282,224	0	282,224	0	0	0	0	0	0
ADMINISTRATIVE/EXECUTIVE GROUP SUBTOTAL:	69,062,719	17,557,515	51,505,204	62,766,462	11,728,927	51,037,535	(6,014,033)	(5,828,588)	(185,445)
ASSESSOR	10,704,022	359,195	10,344,827	10,982,428	359,195	10,623,233	278,406	0	278,406
AUDITOR-CONTROLLER	12,610,406	8,721,209	3,889,197	13,035,166	9,926,103	3,109,063	424,760	1,204,894	(780,134)
CENTRAL COLLECTIONS	6,894,549	6,894,549	0	7,986,256	7,986,256	0	1,091,707	1,091,707	0
TREASURER-TAX COLLECTOR	6,273,423	4,160,138	2,113,285	6,780,201	5,110,135	1,670,066	506,778	949,997	(443,219)
FISCAL GROUP SUBTOTAL:	36,482,400	20,135,091	16,347,309	38,784,051	23,381,689	15,402,362	2,301,651	3,246,598	(944,947)
ARCHITECTURE AND ENGINEERING	645,063	5,000	640,063	634,174	0	634,174	(10,889)	(5,000)	(5,889)
FACILITIES MANAGEMENT DEPARTMENT	12,822,532	6,190,560	6,631,972	12,428,940	5,645,888	6,783,052	(393,592)	(544,672)	151,080
REAL ESTATE SERVICES	2,263,523	1,546,921	716,602	2,264,196	1,573,500	690,696	673	26,579	(25,906)
RENTS	1,053,739	341,241	712,498	571,138	323,000	248,138	(482,601)	(18,241)	(464,360)
UTILITIES	14,503,536	0	14,503,536	15,730,303	0	15,730,303	1,226,767	0	1,226,767
PURCHASING	1,140,594	5,000	1,135,594	1,112,209	10,000	1,102,209	(28,385)	5,000	(33,385)
INTERNAL SERVICES GROUP SUBTOTAL:	32,428,987	8,088,722	24,340,265	32,740,960	7,552,388	25,188,572	311,973	(536,334)	848,307
COUNTY TRIAL COURTS-MAINTENANCE OF EFFORT	31,828,295	21,697,281	10,131,014	34,090,295	23,721,081	10,369,214	2,262,000	2,023,800	238,200
COUNTY TRIAL COURTS-JUDICIAL BENEFITS/FACILITIES COST	1,806,975	0	1,806,975	1,873,598	0	1,873,598	66,623	0	66,623
COUNTY TRIAL COURTS-DRUG COURT	50,320	50,320	0	358,096	358,096	0	307,776	307,776	0
DISTRICT ATTORNEY-CRIMINAL	31,888,034	21,979,480	9,908,554	36,907,410	21,148,905	15,758,505	5,019,376	(830,575)	5,849,951
DISTRICT ATTORNEY-CHILD ABDUCT	741,042	741,042	0	773,000	0	773,000	31,958	(741,042)	773,000
GRAND JURY	301,148	0	301,148	201,460	0	201,460	(99,688)	0	(99,688)
LAW & JUSTICE ADMINISTRATION	114,080	49,000	65,080	115,587	49,000	66,587	1,507	0	1,507
PROBATION-INSTITUTIONS	39,825,733	17,994,623	21,831,110	43,546,689	16,223,754	27,322,935	3,720,956	(1,770,869)	5,491,825
PROBATION-PRETRIAL DETENTION	480,982	0	480,982	512,610	0	512,610	31,628	0	31,628
PROBATION-COURT ORDERED PLACEMENTS	8,329,483	0	8,329,483	7,382,883	0	7,382,883	(946,600)	0	(946,600)
PROBATION-CMJJP GRANT	317,384	317,384	0	260,781	260,781	0	(56,603)	(56,603)	0
PROBATION-ADMIN/COMM CORRECTIONS	30,833,153	20,273,167	10,559,986	34,872,731	21,149,322	13,723,409	4,039,578	876,155	3,163,423
PUB ADMIN/PUB GUARDIAN/CONSERVATOR/CORONER	4,755,894	614,000	4,141,894	5,345,789	1,039,936	4,305,853	589,895	425,936	163,959
PUBLIC DEFENDER	17,745,871	1,142,272	16,603,599	19,718,736	500,000	19,218,736	1,972,865	(642,272)	2,615,137
SHERIFF	244,244,638	159,288,512	84,956,126	256,705,621	170,704,153	86,001,468	12,460,983	11,415,641	1,045,342
COUNTY TRIAL COURTS- INDIGENT DEFENSE	9,615,047	0	9,615,047	9,219,969	0	9,219,969	(395,078)	0	(395,078)
LAW AND JUSTICE GROUP SUBTOTAL:	422,878,079	244,147,081	178,730,998	451,885,255	255,155,028	196,730,227	29,007,176	11,007,947	17,999,229

Department Title	Final Budget 2002-03:			Departmental Proposed Budget 2003-04:			Change Between Final and Proposed:		
	Appropriation	Revenue	Local Cost	Appropriation	Revenue	Local Cost	Appropriation	Revenue	Local Cost
AIRPORTS	2,518,785	2,461,028	57,757	2,461,753	2,422,940	38,813	(57,032)	(38,088)	(18,944)
AGRICULTURE, WEIGHTS AND MEASURES	5,256,794	3,638,090	1,618,704	5,115,736	3,353,445	1,762,291	(141,058)	(284,645)	143,587
ECD-ECONOMIC PROMOTION	926,263	68,000	858,263	780,751	0	780,751	(145,512)	(68,000)	(77,512)
ECD-SMALL BUSINESS DEVELOPMENT	228,956	40,000	188,956	200,107	40,000	160,107	(28,849)	0	(28,849)
FRANCHISE ADMINISTRATION	296,432	0	296,432	298,177	0	298,177	1,745	0	1,745
LAND USE SERVICES-BUILDING AND SAFETY	4,743,001	4,654,771	88,230	5,845,001	5,845,001	0	1,102,000	1,190,230	(88,230)
LAND USE SERVICES-CODE ENFORCEMENT	2,803,194	258,200	2,544,994	2,960,413	408,200	2,552,213	157,219	150,000	7,219
LAND USE SERVICES-WEED ABATEMENT	1,872,613	1,872,613	0	1,951,692	1,951,692	0	79,079	79,079	0
LAND USE SERVICES - CURRENT PLANNING	2,150,272	2,150,272	0	2,292,380	2,292,380	0	142,108	142,108	0
LAND USE SERVICES-ADVANCED PLANNING	3,665,734	1,979,710	1,686,024	3,445,459	2,142,113	1,303,346	(220,275)	162,403	(382,678)
MUSEUMS	4,540,213	3,145,487	1,394,726	3,711,941	2,099,089	1,612,852	(828,272)	(1,046,398)	218,126
REGISTRAR OF VOTERS	3,393,942	673,500	2,720,442	4,484,686	1,744,134	2,740,552	1,090,744	1,070,634	20,110
PUBLIC WORKS-REGIONAL PARKS	6,407,943	5,760,448	647,495	6,758,286	5,803,925	954,361	350,343	43,477	306,866
PUBLIC WORKS-SURVEYOR	2,958,835	2,958,835	0	3,310,588	3,310,588	0	351,753	351,753	0
ECON. DEV/PUBLIC SERVICES GROUP ADMINISTRATION	98,000	0	98,000	65,856	0	65,856	(32,144)	0	(32,144)
ECON DEVELOP/PUBLIC SERVICES SUBTOTAL:	41,860,977	29,660,954	12,200,023	43,682,826	31,413,507	12,269,319	1,821,849	1,752,553	69,296
AID TO INDIGENTS	1,614,343	269,772	1,344,571	1,275,123	330,986	944,137	(339,220)	61,214	(400,434)
ADMINISTRATIVE CLAIM	331,489,425	319,725,182	11,764,243	297,664,713	286,197,963	11,466,750	(33,824,712)	(33,527,219)	(297,493)
AMBULANCE REIMBURSEMENTS	472,501	0	472,501	472,501	0	472,501	0	0	0
BEHAVIORAL HEALTH	113,215,605	111,372,852	1,842,753	121,398,270	119,555,517	1,842,753	8,182,665	8,182,665	0
BEHAVIORAL HEALTH-OADP	24,784,682	24,577,582	207,100	20,063,339	19,913,881	149,458	(4,721,343)	(4,663,701)	(57,642)
CALIFORNIA CHILDREN'S SERVICES	10,716,023	9,177,982	1,538,041	10,723,433	9,185,392	1,538,041	7,410	7,410	0
HEALTH CARE COSTS	135,600,146	117,900,146	17,700,000	135,628,083	120,628,083	15,000,000	27,937	2,727,937	(2,700,000)
PUBLIC HEALTH	73,675,031	73,020,711	654,320	73,360,369	72,715,647	644,722	(314,662)	(305,064)	(9,598)
VETERAN'S AFFAIRS	1,108,218	264,000	844,218	1,130,068	257,018	873,050	21,850	(6,982)	28,832
DEPT OF CHILD SUPPORT	40,798,946	40,798,946	0	39,889,326	39,889,326	0	(909,620)	(909,620)	0
AGING AND ADULT SERVICES	8,874,173	7,900,036	974,137	8,147,202	8,147,202	0	(726,971)	247,166	(974,137)
CALWORKS-FAMILY GROUP	213,396,272	208,761,366	4,634,906	196,553,943	192,123,884	4,430,059	(16,842,329)	(16,637,482)	(204,847)
KIN-GAP PROGRAM	2,709,753	2,334,426	375,327	3,351,569	2,795,803	555,766	641,816	461,377	180,439
AFDC-FOSTER CARE	91,761,451	78,257,382	13,504,069	97,635,819	83,857,781	13,778,038	5,874,368	5,600,399	273,969
CALWORKS-2 PARENT FAMILIES	24,044,059	23,477,958	566,101	18,846,462	18,408,416	438,046	(5,197,597)	(5,069,542)	(128,055)
AID FOR SERIOUSLY EMOTIONALLY DISTURBED	2,365,658	1,734,312	631,346	3,345,010	2,613,701	731,309	979,352	879,389	99,963
AID TO ADOPTIVE CHILDREN	14,103,489	13,176,268	927,221	17,152,146	15,946,603	1,205,543	3,048,657	2,770,335	278,322
CHILD ABUSE /DOMESTIC VIOLENCE	1,432,136	1,432,136	0	1,380,611	1,380,611	0	(51,525)	(51,525)	0
CASH ASSISTANCE - IMMIGRANTS	1,053,030	1,053,030	0	1,053,030	1,053,030	0	0	0	0
CHILDREN'S OUT OF HOME CARE	437,521	0	437,521	338,164	0	338,164	(99,357)	0	(99,357)
ENTITLEMENT PAYMENTS (CHILD CARE)	68,504,316	68,504,316	0	93,919,917	93,919,917	0	25,415,601	25,415,601	0
REFUGEE CASH ASSISTANCE	520,000	520,000	0	520,000	520,000	0	0	0	0
HUMAN SERVICES SYSTEM SUBTOTAL:	1,162,676,778	1,104,258,403	58,418,375	1,143,849,098	1,089,440,761	54,408,337	(18,827,680)	(14,817,642)	(4,010,038)
SUBTOTAL:	1,765,389,940	1,423,847,766	341,542,174	1,773,708,652	1,418,672,300	355,036,352	8,600,936	(5,175,466)	13,776,402
CONTINGENCIES	48,516,783	0	48,516,783	55,698,444	0	55,698,444	7,181,661	0	7,181,661
RESERVE CONTRIBUTIONS	3,791,381	0	3,791,381	5,887,258	0	5,887,258	2,095,877	0	2,095,877
OPERATING TRANSFERS OUT	11,969,689	0	11,969,689	7,914,731	0	7,914,731	(4,054,958)	0	(4,054,958)
TOTAL ALLOCATED COSTS:	64,277,853	0	64,277,853	69,500,433	0	69,500,433	5,222,580	0	5,222,580
GRAND TOTAL:	1,829,667,793	1,423,847,766	405,820,027	1,843,209,085	1,418,672,300	424,536,785	13,823,516	(5,175,466)	18,998,982